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INFO AMEMBASSY CANBERRA

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C O N F I D E N T I A L SECTION 1 OF 4 WELLINGTON 0370

E.O. 11652: GDS

TAGS: PGOV, PINR, NZ

SUBJ: FURTHER REFLECTIONS ON NEW ZEALAND PRIME MINISTER ROBERT
DAVID MULDOON AND ON NEW ZEALAND

REF 75 WELLINGTON 3848

BEGIN SUMMARY: THE UNITED STATES WILL HAVE GREATER
AFFINITY WITH MULDOON AND HIS GOVERNMENT THAN WE HAD WITH
THE PREDECESSOR LABOUR GOVERNMENT UNDER PRIME MINISTER
ROWLING. IRRITATIONS OVER THE BAN ON NUCLEAR POWERED
WARSHIP VISITS TO NEW ZEALAND AND OVER THE NEW ZEALAND
SPONSORED SOUTH PACIFIC NUCLEAR WEAPONS FREE ZONE ARE
LIKELY TO DISAPPEAR, FOR THE NEW PRIME MINISTER HAS NO
SYMPATHY WITH EITHER. THIS IS NOT TO SUGGEST THAT MULDOON
WILL NOT VIGOROUSLY, EVEN AGGRESSIVELY, STAND UP FOR
NEW ZEALAND'S NATIONAL INTERESTS. THIS HE CERTAINLY WILL
DO. BUT HE -- AND TO A LESS NOTABLE DEGREE HIS
NATIONAL PARTY -- WOULD FIT, AS WE SEE IT, VERY
COMFORTABLY INTO MIDDLE SPECTRUM AMERICAN POLITICS
-- SOLID, UNCOMPLICATED, INTENSELY PRACTICAL AND
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UNBURDENED BY POLITICAL THEORY OR DOGMA.

WITH ALMOST SUPERHUMAN ENERGY DURING HIS ELECTORAL CAMPAIGN, MULDOON DRAMATIZED THE PARLOUS STATE OF THE NEW ZEALAND ECONOMY, AND THE PEOPLE REWARDED HIM WITH AN OVERWHELMING VICTORY. BUT WHETHER HE CAN MOVE HIS COUNTRY OUT OF THE DOLDRUMS DEPENDS PERHAPS MORE ON WHAT HAPPENS TO THE WORLD ECONOMIC RECESSION THAN ON THE PRIME MINISTER'S ACKNOWLEDGED ABILITIES AS A FINANCIAL MANAGER. IF WORLD ECONOMIC TIDES DO NOT TURN IN NEW ZEALAND'S FAVOR WITHIN THE NEXT YEAR OR SO, MULDOON'S ELECTORAL PROMISE THAT HE WOULD MANAGE NEW ZEALAND OUT OF ITS TROUBLES COULD LAND HIM AND HIS NATIONAL PARTY IN TROUBLE WITH THE PUBLIC. END SUMMARY.

1. FOR AMERICANS, PIME MINISTER MULDOON CAN PERHAPS BEST BE PERCEIVED AS A "SQUARE" -- BUT A SQUARE WITH A DIFFERENCE AND ONE WITH SOME UNUSUAL FACETS -- A SQUARE IN THE POSITIVE SENSE OF THAT WORD AND WITH FEW OF ITS NEGATIVE CONNOTATIONS. ANOTHER WAY OF REGARDING HIM, IF THIS CAN REALLY BE DONE, IS TO LOOK SEPARATELY AT MULDOON THE POLITICIAN AND MULDOON THE PRIVATE MAN. THE FIRST IS EXTREMELY INTELLIGENT, IMPATIENT, UNCOMPLICATED, SINGLE-MINDED, ROUGH-TOUGH AND ABRASIVE; TH SECOND IS MARKED, AT LEAST AS SEEN BY HIS FRIENDS AND ADMIRERS, BY CONSIDERABLE GENEROSITY OF SPIRIT, AND EQUABLE TEMPERAMENT AND SENSITIVITY TO BEAUTY. SO MULDOON IS A PARADOX - A POLITICIAN WHO PHYSICALLY STRUCK BACK AT HIS OPPONENTS DURING AN AUCKLAND RALLY, AND A MAN WHO GROWS AND NURTURES ALL KINDS OF LILIES AND IS A WIDELY-RECOGNIZED AUTHORITY ON THIS FLOWER.

2. MULDOON INSISTS PERSONALLY AND IN HIS (AS IT NOW APPEARS) NOT TOO APTLY NAMED POLITICAL AUTOBIOGRAPHY "THE RISE AND FALL OF A YOUNG TURK" THAT HE IS NOT AGGRESSIVE. "I AM A COUNTER-PUNCHER," HE EXPLAINS IN THAT BOOK. IT WAS THIS TENDENCY TO LASH BACK SHARPLY AT HIS OPPONENTS, ESPECIALLY IN THE NARROW CONFINES OF THE HOUSE OF PARLIAMENT, THAT GAINED MULDOON HIS REPUTATION AS A GUT FIGHTER. "IT WAS THE SMALLEST BOY IN THE CLASS," HE ALSO WRITES IN HIS AUTOBIOGRAPHY ABOUT HIS SCHOOLDAYS.

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HE MAY ALSO HAVE BEEN THE BRIGHTEST. AND THIS CLASSICAL COMBINATION OF UNIMPRESSIVE PHYSIQUE AND POWERFUL MIND MAY WELL ACCOUNT FOR HIS CONDITIONED REFLEX OF HURLING WELL-AIMED VERBAL COUNTER BOLTS WHEN HE SEES HIMSELF CHALLENGED. IN A COUNTRY WHICH VERY HIGHLY VALUES AMIABILITY AND POLITE CIVILITY, MULDOON'S WEAKNESS FOR THE RUDE RETORT GETS HIM IN TROUBLE WITH SOME NEW ZEALANDERS. "HE IS NOT A REAL NEW ZEALANDER," ONE OF

MULDOON'S OFFENDED FELLOW COUNTRYMEN ACTUALLY TOLD AN EMBASSY OFFICER IN REFERRING TO A PARTICULARLY ROUGH MULDOON COUNTER THRUST DELIVERED IN PARLIAMENT. "A LITTLE GAULEITER", ANOTHER DISTINGUISHED NEW ZEALANDER VEHEMENTLY, AND QUITE INACCURATELY, IN OUR VIEW, CALLED THE NEW PRIME MINISTER.

BUT NOT EVERYONE IS TURNED OFF BY MULDOON'S OFTEN ABRASIVE PUBLIC STYLE, AS HIS SMASHING ELECTORAL TRIUMPH DEMONSTRATES. FOR BENEATH THE SURFACE GENTILITY AND EASY AMAIABILITY OF NEW ZEALAND SOCIETY WHICH SO ADMIRES "GENTLEMAN JACK" MARSHALL (FORMER PRIME MINISTER SIR JOHN MARSHALL) LIES ANOTHER DARKER AND LESS WELL KNOWN NEW ZEALAND SOUL, FULL OF RESENTMENTS, HUNGRY FOR EXCITEMENT AND LOOKING FOR WAYS TO LET OFF STEAM. THIS IS "BLUE COLLAR" NEW ZEALAND -- THE TRUCK DRIVERS, CARPENTERS HELPERS, CONSTRUCTION WORKERS, STREET CLEANERS -- THE HEWERS OF WOOD AND DRAWERS OF WATER IN NEW ZEALAND. IT IS MAINLY THEY WHO STAGE THIS COUNTRY'S WEEKLY "SATURDAY NIGHT MASSACRE", A SODDEN BEER ORGY IN WHICH BOOZERS SMASH EACH OTHER WITH FISTS AND BOTTLES AND SUBSEQUENTLY SMASH EACH OTHER WITH AUTOMOBILES ON THE HIGHWAYS. IT NOW APPEARS THAT MULDOON'S TOUGH STYLE OF VERBAL ASSAULT APPEALED TO A CERTAIN SEGMENT OF THESE PEOPLE WHO MIGHT NORMALLY BE EXPECTED TO VOTE LABOUR. THEY WERE NOT TURNED OFF AS WERE SOME NEWSPAPERS WHO EDITORIALY DEPLORED AS UNGENTLEMANLY BEHAVIOR MULDOON'S PHYSICALLY KICKING BACK AT HECKLERS WHO ATTACKED HIM IN AUCKLAND. RATHER, THEY SEEM SILETLY TO HAVE APPLAUDED A MAN DETERMINED NOT TO ACCEPT ANY BLOW WITHOUT GIVING A BLOW IN RETURN.

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3. NEW ZEALANDERS LOVE HEROES AS MUCH AS ANY OTHER PEOPLE. THERE IS THUS A TENDENCY IN THE WAKE OF HIS ELECTORAL TRIUMPH TO CLOAK MULDOON IN HEROIC RAIMENT WHICH, AS WE PERCEIVE THE NEW PRIME MINISTER, DOES NOT FIT ALL THAT SMOOTHLY. FOR MULDOON'S GREAT VICTORY COULD NOT HAVE BEEN FASHIONED EXCEPT FOR THE WORLD WIDE ECONOMIC RECESSION WHICH STRUCK NEW ZEALAND SO DISASTROUSLY. BUT MULDOON DISPLAYED A BRILLIANT KILLER INSTINCT IN PERCEIVING WITH SUCH CLARITY -- AND AT SUCH AN EARLY DATE -- THAT THE WORLD RECESSION HAD GIVEN NEW ZEALAND A RUINOUS BALANCE OF TRADE AND A LEVEL OF INFLATION (15 PERCENT) THAT WAS BADLY HURTING NOT ONLY AVERAGE NEW ZEALANDERS, BUT ALSO TRADE UNION MEMBERS WHO CONSTITUTE THE BROAD CASE OF ELECTORAL SUPPORT FOR THE LABOUR PARTY. MULDOON COULD NOT HAVE KNOWN WHEN HE SHOULDERS SIR JOHN MARSHALL ASIDE AND TOOK LEADERSHIP OF THE NATIONAL PARTY (15 MONTHS AGO) THAT THE WORLD RECESSION WOULD CONTINUE TO CRIPPLE NEW ZEALAND. BUT HE SENSED THAT IT WOULD AND HAD THE GUTS TO ACT ON THIS ASSUMPTION.

MULDOON'S SIMPLISTIC CAMPAIGN CRY COULD BE
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SUMMED UP AS "NEW ZEALAND'S ECONOMY IS GOING TO HELL." WHEN EMBASSY OFFICERS SUGGESTED TO HIM IN A PRIVATE MEETING ELEVEN MONTHS AGO THAT GOVERNMENT BORROWING AND PUMP PRIMING MIGHT LULL PEOPLE INTO BELIEVING THAT THE ECONOMY WAS DOING WELL, MULDOON PROMISED TO MAKE THEM SEE THAT THE OPPOSITE WAS THE CASE. AND MAKE THEM SEE HE DID. UP AND DOWN NEW ZEALAND FOR FIFTEEN MONTHS HE HELD POLITICAL RALLIES, REPEATING MONOTONOUSLY IN HIS OFTEN HOARSE VOICE. "NEW ZEALAND'S ECONOMY IS GOING TO HELL. THE GOVERNMENT'S ONLY POLICY IS TO BORROW AND HOPE." TOWARDS THE END, HE ADDED CHARTS AND GRAPHS, BUT THE MESSAGE WAS ALWAYS THE SAME: "THE ECONOMY IS GOING TO HELL." IT MAY HAVE BEEN ESSENTIALLY DULL, BUT IT WAS CLEARLY ALSO PERSUASIVE.

EXCITEMENT, IN A COUNTRY WHERE A SHEEP SHEARING CONTEST IS CONSIDERED GOOD ENTERTAINMENT, WAS ADDED BY MULDOON'S MASTERFUL HANDLING OF HECKLERS AND A SURPRISING GIFT FOR MIME. TO AN UNPREPOSSESSING

HECKLER, "PLEASE CONTINUE TO STAND UP SO MY FRIENDS CAN SEE THE TYPE OF PERSON SUPPORTING THE GOVERNMENT." OR, "IF I THOUGH YOU COULD READ I'D HAVE YOU EXPLAIN MY CHARTS." WHILE THESE SALLIES MAY SEEM UNEXCEPTIONABLE TO AN AMERICAN, THEY ARE REGARDED AS DEVASTATINGLY (AND EXCITINGLY) RUDE IN AMIABLE NEW ZEALAND. EVENTUALLY MULDOON LEARNED THAT MENTION OF THE NAME OF LABOUR IDEOLOGUE BOB TIZARD (FORMER DEPUTY PRIME MINISTER AND MINISTER OF FINANCE) PRODUCED MOANS FROM HIS AUDIENCES. THIS BECAME A KEENLY ANTICIPATED PART OF HIS REPERTOIRE. A VARIATION WAS A MENTION OF TIZARD'S NAME BY A MULDOON SUPPORTER, UPON WHICH MULDOON WOULD GRIMACE IN PAIN AND CLASP HIS FACE WITH EXAGGERATED GESTURES BEFITTING THE SILENT MOVIES. THIS ALWAYS PRODUCED ROARS OF APPROVAL. HUMOR IS NOT ALWAYS OVERLY SUBTLE IN NEW ZEALAND.

4. AND ALL THE LABOUR GOVERNMENT COULD DO WAS TO DEFEND THE RECORD AND EVOKE "THE SUGAR BAG YEARS" (TITLE OF A RECENT NOSTALGIC ORAL HISTORY) -- THE GREAT DEPRESSION WHEN 25 PERCENT OF NEW ZEALAND WAS UNEMPLOYED UNDER A NATIONAL GOVERNMENT AND MEN HOBOED AROUND WITH SUGAR BAGS -- THICK JUTE BAGS -- ON THEIR SHOULDERS INTO
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WHICH HAPPILY MIGHT BE (AND OFTEN WAS) THRUST A POTATO, A LUMP OF COAL, A CABBAGE, FRUIT OR A CHICKEN SO INCAUTIOUS AS TO GET CLOSE ENOUGH TO HAVE ITS HEAD PULLED OFF. THE LABOUR THEME WAS, "WE'VE KEPT THE PEOPLE WORKING. WE'VE BORROWED TO DO THIS, BUT PEOPLE ARE MORE IMPORTANT THAN MONEY IN THE BANK." BUT THE GREAT DEPRESSION WAS A LONG TIME AGO; MOST PEOPLE COULDN'T REMEMBER IT; AND VOTERS APPARENTLY WERE MORE WORRIED ABOUT THE WOLF AT THE DOOR HERE AND NOW.

OTHER PARTS OF THE LABOUR RECORD WERE THE UNPOPULAR BAN ON SPORTS CONTACTS WITH APARTHEID SOUTH AFRICA; A CONFUSED STIRRING AROUND WITH THE POLITICALLY VOLATILE ABORTION ISSUE; A GAME OF FOOTsie WITH THE INTELLECTUAL LEFT BOTH AT HOME AND ABROAD; AND NEVER VERY PERSUASIVE ASSUMPTIONS OF MORAL SUPERIORITY WHICH FOUND ANYTHING NUCLEAR HORRIFYINGLY BAD. ANOTHER PART OF THE RECORD WAS PRIME MINISTER ROWLING'S COMMITTEE-CHAIRMAN STYLE OF LEADERSHIP UNDER WHICH LABOUR CABINET MEMBERS WERE WONT TO MAKE PUBLIC PRONOUNCEMENTS AT VARIANCE WITH THE GOVERNMENT LINE. FORMER DEPUTY PRIME MINISTER TIZARD WAS SO HOPELESSLY ADDICTED TO THIS THAT HE WAS ONCE (VERY) PRIVATELY REFERRED TO BY A SENIOR MINISTRY OF FOREIGN AFFAIRS OFFICIAL AS "THE FASTEST LIP IN THE SOUTH."

5. THIS KIND OF RECORD WAS A SET-UP FOR THE INGENIOUS AND QUICK-WITTED MULDOON, PERMITTING HIM WITH SOME MEMORABLE PHRASES TO ATTACK THE GOVERNMENT'S ABILITY TO LEAD, ITS GOOD SENSE, ITS SERIOUSNESS OF PURPOSE, AND ITS ASSUMPTIONS OF MORAL SUPERIORITY. ON FORMER PRIME MINISTER ROWLING'S FAILURE TO DISCIPLINE SOME OF HIS MORE OUTSPOKEN CABINET MEMBERS AND TO TAKE A STRONGER LEADERSHIP LINE: "A BUNCH OF SHIVERS LOOKING FOR A BACKBONE TO RUN UP AND DOWN." ON THE GOVERNMENT'S INCONSISTENCY IN CONTINUING TO PROFESS SUPPORT FOR THE ANZUS TREATY AND TO SPONSOR THE FAR OUT (LEFT) SOUTH PACIFIC NUCLEAR WEAPONS FREE ZONE (SPNWFZ): "SURE, WE WANT THE AMERICANS TO DEFEND US, BUT THEY CAN'T USE ANTHING MORE SOPHISTICATED THAN ENFIELD RIFLES." ON THE LABOUR PARTY-SPONSORED "CITIZENS FOR ROWLING", WHO PRAISED ROWLING LITTLE BUT
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SUGGESTED THAT MULDOON WAS A BUDDING FASCIST LIKELY TO DESTROY NEW ZEALAND DEMOCRACY: "A HIGH LEVEL CHARACTER ASSASSINATION SQUAD." THIS BRILLIANTLY CONCEIVED BUT ULTIMATELY UNSUCCESSFUL ATTACK ON MULDOON FAILED, IN PART BEACUSE OF ITS TARGET WO APTLY DESCRIBED ITS TRUE PURPOSE, PARTLY BEAUSE THE NEW PRIME MINISTER IS NO FASCIST (THOUGH QUITE CAPABLE OF PLAYING ON PEOPLE'S FEARS) AND (A VERY BIG) PARTLY BECAUSE MULDOON MADE THE PEOPLE BELIEVE THAT INTERNAL INFLATION AND HEAVY OVERSEAS BORROWING THREATENED THE VIABILITY OF NEW ZEALAND'S WELFARE STATE.

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IN A VERY DEFINITE SENSE MULDOON CAN BEST BE UNDERSTOOD AS THE ACCOUNTANT, WHICH HAPPENS TO BE HIS PROFESSION. WHAT THE BOTTOM LINE SAYS IS IMPORTANT. IF HOUSING WAS SCARCE AND INFLATED OUT OF REACH OF THOSE NEEDING IT MOST, WAS IT NOT BECAUSE THE LABOUR GOVERNMENT HAD LET IN TOO MANY IMMIGRANTS, ESPECIALLY FROM THE PACIFIC ISLANDS? IF THERE WAS NO LAW AND ORDER IN THE LAND, WAS IT NOT BECAUSE THE GOVERNMENT'S LEFTIST INTELLECTUALS HAD TIED THE HANDS OF THE POLICE? IF NEW ZEALAND'S TRADE UNIONS WERE GREEDY AND ULTIMATELY SUBVERSIVE, WAS IT REALLY NOT BECAUSE THEY WERE LED BY A BUNCH OF COMMUNIST IMMIGRANTS?

SOME PEOPLE, ESPECIALLY ON THE LEFT, SAW THIS TYPE OF CAMPAIGN PITCH BY MULDOON AS A DEMOGOGIC PLAYING, IN CODE, TO PEOPLE'S FEARS. MULDOON, OF COURSE, IS NOT ABOVE RAISING A FEAR OR TWO, BUT WE DO NOT SEE DEMAGOGUERY AS HIS PRIMARY PURPOSE. RATHER, HE IS LOOKING, AS THE ACCOUNTANT, FOR THE OBVIOUS ANSWER. HE CONSTANTLY REFERRED IN HIS CAMPAIGN TO "THE ORDINARY NEW ZEALANDER", TO WHAT THE ORDINARY NEW ZEALANDER THOUGHT AND WANTED. NEW ZEALAND WAS A UNIQUE SOCIETY AND NEW ZEALANDERS
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WERE A UNIQUE AND SUPERIOR PEOPLE, HE SAID OVER AND OVER. HE WOULD RESTORE NEW ZEALAND TO WHAT THE PEOPLE WANTED. MULDOON, THE ACCOUNTANT, IS NOT QUITE CAPABLE OF ELOQUENCE, BUT FEW COULD DOUBT HIS SINCERITY AS HE PREACHED HIS ELECTORAL SERMON. IT MIGHT BE SAID THAT THE PEOPLE WERE MULDOON'S FIGURES, AND IF ON THE BOTTOM LINE THEY ADDED UP TO SO AND SO, WHO COULD DOUBT THEIR WISDOM? IF THEY SAW TOO MANY IMMIGRANTS AND POLICE LAXITY AS THINGS TO FEAR, MULDOON DID NOT SEE HIMSELF AS A DEMOGOGUE IN VOICING THEIR FEARS.

6. MANY OBSERVERS HAVE VIEWED MULDOON'S VICTORY AS A DECISIVE MOVE TO THE RIGHT. THIS IS TRUE IN THE SENSE THAT HIS NEW ZEALAND WILL HAVE LESS SYMPATHY FOR LEFTIST CAUSES, ESPECIALLY ON THE INTERNATIONAL STAGE.

HE WILL NOT SEE HORRORS INNUCLEAR POWERED WARSHIP VISITS ("YOU HAVE YOUR OWN PEOPLE ABOARD THEM AND I NEVER HEARD OF ANY GETTING HURT".) AND WILL BE QUITE UNSYMPATHETIC TOWARDS THE SPNWFZ. NOR WILL HE GET THE INTELLECTUAL SHAKES, AS NEW ZEALAND'S LEFT DOES, OVER NUCLEAR POWER PLANTS IN NEW ZEALAND. FOR MULDOON, THE UNDOGMATIC ACCOUNTANT, THE FIGURES SIMPLY WILL NOT ADD UP THE SAME WAY AS THEY DID FOR THE PREVIOUS GOVERNMENT. IN FACT, MULDOON ONCE STRUCK EMBASSY OFFICERS AS ALMOST PUZZLED BY QUESTIONS ON THESE ISSUES. THE EXPLANATION SEEMS TO HAVE BEEN THAT THE ANSWERS WERE SO OBVIOUS TO HIM, THAT HE WAS PUZZLED THAT ANYONE WOULD ASK THE QUESTIONS.

BUT IF HE WERE STILL ALIVE OLD OTTO VON BISMARCK WOULD CHUCKLE WITH AMUSEMENT AT SUGGESTIONS THAT MULDOON WILL MOVE TO THE RIGHT, AT LEAST IN THE FIELD OF SOCIAL LEGISLATION. IN FACT, MULDOON STOLE A MARCH, AND ACTUALLY OUT-LABOURED THE LABOUR PARTY ITSELF, IN OFFERING THE VOTERS A SUPERANNUATION (OLD AGE PENSION) SCHEME THAT PROMISED MORE THAN LABOUR WOULD DELIVER. MULDOON EFFECTIVELY ADOPTED THE SOCIALISTS PROGRAM AS THE IRON CHANCELLOR HAD DONE IN GERMANY A HUNDRED YEARS AGO BY THE SIMPLE, AND TYPICALLY MULDOONIAN, EXPEDIENT OF REMOVING INCOME LEVEL AS A TEST FOR PENSION ELIGIBILITY. EVERY OLD PERSON WOULD GET THE MONEY, RICH OR POOR. IMPATIENT WITH COMPLICATED

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SOLUTIONS BY NATURE, MULDOON WITH ONE BRILLIANT STROKE SHOPPED AWAY THE IMPENETRABLE TANGLE OF LEGALESE, EXCEPTIONS, AND IFS ANDS AND BUTS WITH WHICH LABOUR HAD SHROUDED ITS OWN INTENTIONS RESPECTING OLD AGE PENSION LEVELS. MULDOON'S INTENTIONS WERE CLEAR, AND OLD PEOPLE WHO HAD NEVER BEFORE DESERTED LABOUR RANKS TOLD US THEY WOULD VOTE NATIONAL THIS TIME BECAUSE OF MULDOON'S PENSION SCHEME.

THIS IS NOT TO SAY THAT MULDOON WILL NOT BE PRUNING HERE AND CUTTING SOCIAL CORNERS THERE SIMPLY BECAUSE HE WILL HAVE NO OPTION IN FACE OF A HUGE BUDGET DEFICIT. SUBSIDIES ON MILK, INTERNAL TRAVEL, POSTAGE AND ELECTRICAL POWER HAVE ALREADY BEEN SHARPLY REDUCED, FOR EXAMPLE. BUT THE BASIC STRUCTURE OF THE WELFARE STATE WILL NOT BE TAMPERED WITH, FOR MULDOON IS PRAGMATIC POLITICIAN ENOUGH TO KNOW THAT THIS COULD SPELL PLITICAL SUICIDE AT THE POLLS THREE YEARS FROM NOW. IN FACT, PERHAPS ANOTHER WAY OF ANALYZING MULDOON'S ELECTORAL VICTORY IS TO REGARD IT AS THE TRIUMPH OF A MAN WHO THE PEOPLE ULTIMATELY BELIEVED COULD BEST MAINTAIN THE WELFARE STATE. ONE OF THE FEW PEOPLE IN NEW ZEALAND ABLE TO TALK CONVINCINGLY ABOUT SPECIAL

DRAWING RIGHTS AND THE GENERAL SCHEDULE OF PREFERENCES,
MULDOON, IN THIS WAY OF LOOKING AT HIS VICTORY, WAS
ACCEPTED BY THE PEOPLE AS THE ASTUTE FISCAL MANAGER
WHO NOT ONLY WANTED TO, BUT WOULD MANAGE AFFAIRS SO AS TO
BE ABLE TO MAINTAIN THE WELFARE STATE.

7. AS FOR THE FUTURE, MULDOON AND HIS
MINISTERS HAVE STARTED OUT WITH EVERY SHOW OF CONFIDENCE
THAT THEY CAN MANAGE NEW ZEALAND BACK TO ECONOMIC
HEALTH. BUT ON PRESENT PROSPECTS, THEY FACE A GRIM
BATTLE. THE NZ\$1 BILLION-PLUS BALANCE OF PAYMENTS
DEFICIT HAS ATTRACTED WORLDWIDE ATTENTION. LESS WELL
PUBLICIZED, BUT EQUALLY GRIM, IF IT CONTINUES, IS THE
NZ\$1 BILLION-PLUS BUDGET DEFICIT,
REPRESENTING INTERNAL BORROWING. TRANSLATED INTO
AMERICAN EQUIVALENTS, IT IS AS IF THE UNITED STATES
WERE RUNNING A \$150 BILLION BALANCE OF PAYMENTS DEFICIT
AND ANOTHER \$150 BILLION BUDGET DEFICIT. SOMETHING
HAS TO GIVE AND, ONE WAY OR ANOTHER, IT WILL COME
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DOWN TO THE NEW ZEALAND (WELFARE STATE INCLUDED)
STANDARD OF LIVING WHICH, FOR AT LEAST THE LAST TWO
YEARS, HAS BEEN MAINTAINED AT AN UNREALISTICALLY HIGH
LEVEL.

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SO MULDOON WILL HAVE TO PARE AWAY CAUTIOUSLY WHERE HE CAN, WITH A VIEW OF INVESTING MORE AND CONSUMING LESS; TRY TO REJUGGLE THE TAX STRUCTURE SO AS TO RESTORE SOME INCENTIVES TO NEW ZEALAND'S OVERMANNED AND SLUGGISH DOMESTIC WORK FORCE; AND PUSH AS HARD AS POSSIBLE TO PEDDLE ABROAD THIS COUNTRY'S AGRICULTURAL PRODUCTS: MEAT, WOOL AND DAIRY PRODUCTS. DEMANDS OF THE WELFARE STATE AND LATENT CLASS RESENTMENTS, IMPORTED HERE FROM BRITAIN AND DATING (APPARENTLY) FROM THE CRUEL DAYS OF ENGLAND'S EARLY INDUSTRIAL REVOLUTION, WILL WORK AGAINST THE GOVERNMENT'S EFFORTS TO INCREASE PRODUCTIVITY. AND WORLD ECONOMIC TIDES (HIGH OIL AND OTHER COSTLY IMPORTS VERSUS LOW PRICES AND SLACK DEMAND FOR NEW ZEALAND EXPORTS) ARE UNLIKELY TO TURN QUICKLY IN NEW ZEALAND'S FAVOR. IF LARGE QUANTITIES OF OIL ARE DISCOVERED, MULDOON AND ASSOCIATES MIGHT FIND RELATIVELY EASY SAILING, BUT FAILING THAT, FALLING LIVING STANDARDS ARE PROBABLY IN PROSPECT FOR THE NEXT FEW YEARS. IF THIS GLOOMY PROSPECT EVENTUATES, MULDOON COULD LOOK MUCH LESS LIKE A HERO TWO OR THREE YEARS FROM NOW.
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8. IN CONCLUSION, HOWEVER, THE UNITED STATES HAS EVERY REASON TO BE PLEASED THAT MULDOON HAS BECOME PRIME MINISTER OF NEW ZEALAND. HE IS A PREDICTABLE QUANTITY ON ESSENTIALLY THE SAME POLITICAL WAVE LENGTH, AT LEAST IN INTERNATIONAL MATTERS, AS THE UNITED STATES. IN TRADE AND ECONOMIC MATTERS GENERALLY HE WILL DRIVE A HARD ECONOMIC BARGAIN WITH ALL COUNTRIES, INCLUDING THE UNITED STATES. HE MAY WELL SEEK ECONOMIC HELP FROM WHEREEVER IT MAY BE FOUND, INCLUDING THE UNITED STATES. AND WE SHOULD BE PREPARED TO HELP HIM, IN OUR OWN INTERESTS, TO THE EXTENT WE CAN.
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